

# **GUIDELINES**

## **PETROLEUM REMEDIATION GRANT INCENTIVE (PRGI)**

### **Background**

The 2002/2003 Budget Bill, passed in the 2001 Indiana Legislative Session, transferred **\$9 million** from the Excess Liability Trust Fund (the “ELF”) to the Environmental Remediation Revolving Loan Fund (the “Brownfields Fund”) for the specific purpose of **remediating petroleum contamination** at brownfields sites. The **Petroleum Remediation Grant Incentive (the “PRGI”)** has been developed to utilize the transferred funds and is the **first state funding source for actual cleanup** that will be available in **grant form**.

The Indiana [Brownfields Advisory Group](#), a bi-partisan panel of state legislators, local elected officials, stakeholders, and other environmental professionals, was recently re-convened for four (4) meetings held in the fall of 2001 to provide input on the integration of the new PRGI funding into the current Indiana Brownfields Program. The Advisory Group assisted with the creation of the Brownfields Program and provided excellent direction for this new incentive. [Click here](#) to view minutes from the 2001 Advisory Group meetings. The following guidelines are a synthesis of staff effort, Advisory Group recommendations, and general input from interested stakeholders.

### **General Information**

- As with the current Brownfields Low Interest Loan and Brownfields Site Assessment Grant incentives, funding from the new PRGI will be **distributed directly to cities, towns and counties**.
- Application must be made by the city, town, or county, and awards will be made following a **competitive grant process**.
- PRGI funding will **not be available** to parties who **caused or contributed** to contamination at the brownfields site under consideration.
- PRGI funding will not be retro-active; environmental remediation activities conducted prior to application and an award are not eligible for reimbursement.
- The PRGI has been **intentionally** designed to **avoid benefiting** sites and/or constituents otherwise **eligible for the ELF Program**. Eligibility for ELF assistance **disqualifies most projects** from receiving PRGI assistance. [Click here](#) for additional information on the ELF Program.
- The activities to be funded by the PRGI will be **remedial, not investigative**, in nature. In order for a brownfields site to be eligible for PRGI funding, **site-specific environmental data** (e.g. “Phase I and II” site assessment reports) **must be available**. In part, the competitiveness of an individual PRGI application will be **proportional to the amount of environmental data** available and submitted for the brownfields site being considered.
- The **environmental goal** for all PRGI projects will be a **No Further Action (NFA) Letter** from IDEM. The issuance of a NFA will demonstrate that petroleum cleanup is complete, thus promoting redevelopment and positive economic impacts.
- Approximately \$9 million will be made available for awards **prior to June 30, 2003**.
- **Maximum assistance** from the PRGI will be **\$250,000** per project, per applicant, per round.

- **Primary PRGI assistance** will take the form of **grants**. For those projects that require funding in excess of the maximum grant amount (\$250,000), **additional funding** sources deemed necessary to complete remedial activities must be demonstrated. The existing **Brownfields Low Interest Loan incentive** is one possible source for **additional funding** that can leverage a PRGI award.
- Grant recipients will be required to execute a Financial Assistance Agreement with the IDFA and the State Budget Agency.

## **Application Information**

**Cities, towns and counties may apply** for a PRGI award to fund petroleum remediation activities at their chosen brownfields site. As allowed, other political subdivisions, not-for-profit corporations, and private parties may be co-applicants for PRGI funding. The applicant or co-applicant **does not need to own** the brownfields site in question, although **written permission must be provided** by the site owner to perform necessary remedial activities at the site.

### ***Application Deadlines:***

A **minimum of two (2)** PRGI application rounds will be held **prior to June 30, 2003**. The **first application round** is scheduled for the **second quarter of CY 2002** at a date to be announced. The second application round is anticipated in the **first quarter of CY 2003**, also at a date to be announced. Dates will be published at least 60 days in advance on IDFA's and IDEM's respective websites and distributed via e-mail to parties who have requested notification.

### ***Application Procedure:***

An Internet-based system will be utilized for the community application process. Applicants will use a unique log-in name and password for security purposes, and the majority (if not all) of the applicant's project information will be entered using the online system. Technical support, as necessary, will be available to applicants during the preparation of their grant. Where feasible, other resources may be made available to assist communities in obtaining Internet access for application purposes. [Click here](#) to enter the on-line PRGI system. [Note: This link is not active yet.]

### ***Funding Allocation:***

PRGI funding will be allocated based **first on (1) geographic region**, and **then based on (2) community size**.

(1) Geographic Region: **Three (3) geographic regions** (North/Central/South) have been created for PRGI distribution, as illustrated on the [attached map](#). **Approximately \$3 million (total)** will be made available for each region.

(2) Community Size: Funding will also be allocated **based upon community population**, according to 2000 U.S. Census data. PRGI funding will be allocated according to the percentages provided for Categories One and Two, described below.

Category One: Cities, Towns, and Counties with 22,001 population or more = 50%

Category Two: Cities, Towns, and Counties with 22,000 population or less = 50%

Excess funding capacity per category, per region, per round may be re-allocated to another category, region, or round at the discretion of IDFA based upon the demand demonstrated in the previous round(s).

The maximum grant award per project, per applicant, per round will be \$250,000. An applicant could successfully apply and receive a maximum of \$500,000 prior to June 30, 2003.

## **Eligibility Information**

To be eligible for PRGI funding, **all sites** must qualify as a brownfields site based on the working [definition of a brownfield](#) utilized by the Indiana Brownfields Program. Soil and/or groundwater at each site **must also currently be impacted by petroleum** to receive PRGI assistance.

PRGI funding is **directly available only to cities, towns and counties**. However, it is recognized that other entities - like not-for-profit organizations and private developers – play critical or sometimes primary roles in successful redevelopment projects. These instances involve partnerships whereby the direct applicant (the city, town or county) **applies for funding on behalf** of the co-applicant organization or individual. PRGI funding is available for these projects, as well as projects initiated entirely by local administrations, as described below.

### ***Public Projects:***

Sites that are undertaken entirely by local administrations must fall into two (2) general categories to be eligible for PRGI assistance. The first category of eligible sites includes brownfields that a city, town or county has voluntarily acquired for the purpose of redevelopment, or perhaps acquired involuntarily through a gift or estate disposition.

The second category of public sector projects includes abandoned brownfields that are tax delinquent. These sites are eligible for assistance only if they have been through the requisite number of tax sales without being purchased. If the property is beyond the cure period for back taxes, the local government may apply for PRGI assistance in an effort to eliminate environmental impairments and thereby encourage the sale and redevelopment of the property in question.

**Partnership Projects:**

Cities, towns and counties can also apply for PRGI assistance for projects that entail a public/private partnership. Eligible “partnership” sites fall into two (2) general categories. The first category involves sites whose private sector owners did not cause or contribute to any contamination (including but not limited to petroleum) at the site. These owners must have also obtained the site through an “arm’s length transaction.”\* Acknowledging redevelopment as the ultimate goal, the applicant must describe how the redevelopment plans of the private sector partner are consistent with the needs or desires of the community.

The second category of partnership sites involve private owners who can demonstrate, following a financial analysis by the State, that **financial hardship has interfered** with their proper and timely remediation of the site. In these instances, the local administration may apply for PRGI funding on behalf of the owner if the owner **agrees to transfer title** of the property to the municipality or a development entity of their designation **prior to the grant award**. In this scenario, the site is eligible even if the current property owner caused or contributed to the contamination on site. Similar to the first category of Partnership sites, the owner must have originally purchased the site through an “arms length transaction.” Although the transfer of title under this scenario will not legally eliminate the owner’s environmental liability, it may accomplish a measure of liability reduction.

\* (Arm’s length transaction – Said of a transaction negotiated by unrelated parties, each acting in his or her own self interest; the basis for a fair market value determination. A transaction in good faith in the ordinary course of business by parties with independent interests.)

**Ineligible Sites:**

The following scenarios describe sites that are ineligible for PRGI assistance:

- Active ELF sites
- Sites that can obtain ELF eligibility
- Sites that could have obtained ELF eligibility and cannot demonstrate that financial hardship previously existed
- Sites that have active petroleum operations
- Sites that present an imminent threat to human health or the environment
- Sites that have a pending IDEM or U.S. EPA enforcement action
- Sites whose owners caused or contributed to any contamination at the site (unless hardship can be demonstrated)

***Petition Sites:***

All brownfields projects are unique and complex by nature. The PRGI guidelines contemplate most, but not all scenarios that may be encountered during the course of a redevelopment project. In the situation where there is an over-riding benefit to the community for PRGI funding, an applicant can petition IDFA for a waiver of, or modification to, any of the guidelines provided herein. The existence of a petition opportunity does not obligate IDFA to grant any petition so submitted.

**Scoring Criteria**

Similar to the [Site Assessment Grant Incentive](#), projects presented for PRGI funding will be competitively evaluated based in part upon the following scoring criteria.

**1) Economic Factors (75 possible points)**

**A. Net Assessed Value Per Capita (20 possible pts)**

Up to 53% of Indiana's median Net Assessed Value Per Capita -- 20 pts  
Between 53% and 66% of Indiana's median Net Assessed Value Per Capita -- 15 pts  
Between 67% and 113% of Indiana's median Net Assessed Value Per Capita -- 10 pts  
Between 114% and 200% of Indiana's median Net Assessed Value Per Capita -- 5 pts  
In excess of 200% Indiana's median Net Assessed Value Per Capita -- 0 pts

**B. Poverty Rate (20 possible pts)**

Zip codes with more than 170 households receiving TANF\* -- 20 pts  
Zip codes with less than 170 but more than 40 households receiving TANF -- 10 pts  
Zip codes with less than 40 but more than 11 households receiving TANF -- 5 pts  
Zip codes with less than 11 but more than 0 households receiving TANF -- 0 pts

**C. Is the site located in any of the following: Urban Enterprise Zone, "Dinosaur" building, federally-designated Enterprise Zone, or community/locally designated Brownfields Revitalization Zone or Slum and Blighted Area? Does the site include a building that qualifies for "Dinosaur" status? (15 possible pts)**

**D. List the Census Tract in which the Site is located. (20 possible pts)**

\* (Temporary Assistance to Needy Families)

**2) Leverage of Funds (75 possible points)**

Local public or private funds previously expended for environmental due diligence activities, or committed to future environmental/redevelopment activities at the site (as a percentage of the \$250,000 maximum potential grant award)

50% or greater leverage	75 pts
35% - 49% leverage	60 pts
20% - 34% leverage	50 pts
10% - 19% leverage	40 pts
Under 10% leverage	20 pts

### **3) Local Support for Project (100 possible points)**

#### **A. Neighborhood Comment and Input (50 possible pts)**

Plans announced at mandatory public hearing and comments sought from public -- 20 pts  
Favorable responses received and/or proactive follow up to negative comments -- 10 pts  
Additional or more focused community and/or neighborhood input sought -- 20 pts

#### **B. Coordinated Local Efforts (50 possible pts)**

Local coalition/organization meeting and working regularly on brownfields issues and/or brownfields coordinator designated; local brownfields sites identified and/or prioritized; long term viable plan for site -- 50 pts

Joint local effort by numerous parties to apply for grant; some type of coalition to address brownfields issues locally; long term, viable plan for property -- 35 pts

Firm plans to form brownfields workgroup or coalition to address brownfields issues locally; long term, viable plan for property -- 20 pts

Long term, viable plan for property -- 10 pts

### **4) Economic Development Potential for Site - Subjective (100 possible points)**

Points based on responses provided in the narrative section(s) in on-line application.  
Applicants should focus on the following:

- Long term plans for property, including its place in the overall community development plan
- Economic development potential for project
- Impact project will have on overall economic development plans of community, including potential increase to taxbase, job creation and investment in project
- Previous local efforts to redevelop property and/or address environmental issues of the site
- Address the marketability of the site

### **5) Environmental Data (50 possible points)**

Projects will be scored for the amount of environmental data collected and available prior to the time of application. Points will be awarded based upon the extent to which on-site contamination has been defined.

Nature of contamination defined in soil	5 pts
Nature of contamination defined in soil and groundwater	10 pts
Nature and extent of contamination defined in soil	30 pts
Nature and extent of contamination defined in soil and groundwater	40 pts
Nature and extent defined in soil and groundwater in compliance with RISC	45 pts
Nature and extent defined in soil and groundwater per RISC, plus remedial design	50 pts

## **Consultant and Technical Information**

The remedial activities completed with PRGI funds will follow a “Pay-For-Performance” (PFP) model. PFP will provide a streamlined system of paying for – and achieving – complete cleanups at PRGI brownfields. [Click here](#) and [here](#) for additional general information on PFP from the National Governor’s Association and the U.S. EPA. Specific criteria regarding Indiana’s PFP implementation for PRGI will be available in Q2 of 2002, following additional consultation with the newly formed [Indiana Brownfields Technical Sub-Committee](#).

As a component of PFP, the on-line application process is expected to include functionality that will allow environmental consultants to prepare and submit on-line bids for remedial activities at local PRGI sites. Environmental consultants with a substantial Indiana presence and office will be invited to pre-qualify for participation in the bidding process for PRGI projects. Pre-qualification requirements and deadlines will be announced.

Remedial activities to be conducted with PRGI funds include, but are not limited to: in-situ soil and groundwater cleanup, soil excavation and disposal, underground storage tank removal and disposal, limited aboveground storage tank removal and disposal, and confirmatory sampling/monitoring activities. Broadly speaking, remediation activities conducted with PRGI funds must be performed consistent with [RISC guidelines](#). Specific [Corrective Action activities](#) must receive IDEM approval prior to implementation. Additional costs incurred due to specific requirements of the Voluntary Remediation Program (i.e. consultant oversight fees, application fee, etc.) will not be covered by the PRGI.

## **Contact Information**

We welcome comments on the PRGI at any time. Questions regarding these guidelines or the PRGI can be directed to Calvin Kelly, IDFA Brownfields Program Manager, by email at [ckelly@idfa.state.in.us](mailto:ckelly@idfa.state.in.us) or by phone at (317) 233-4332. These guidelines may be modified by the IDFA Board to address demand and other issues to promote the effective and efficient administration of the Brownfields Program.

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